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Weekly Contributions
Latin American Branch, ONE
11 January 1949

SUMMARY

NORTHERN DIVISION: Cuban press reports of a Dominican plot to assassinate President Prío evidently are merely anti-Trujillo propaganda (item 1).

CENTRAL DIVISION: In Brazil, no convincing evidence has been found to support earlier reports to the effect that the recent Navy demonstration over pay was Communist-inspired (item 2). Ecuador's cabinet "crisis" was resolved when all resignations, except one, were rejected by President Galo Plaza (item 3).

SOUTHERN DIVISION: Bolivia has been offered access to the sea by a free port in Argentine territory (item 4). In Peru, the government has in effect dissolved the Congress by failing to provide for salaries of congressmen in the 1949 budget (item 5). Uruguay has bought the railways formerly owned by the British, and will operate them as a state enterprise (item 6). Argentina will soon start trade negotiations with the British, who will have many bargaining advantages because of the present economic plight of Argentina (item 7).

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D/LA
Weekly Contributions

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1. CUBA: Press reports connecting Dominican Republic's President Trujillo with an alleged plot to assassinate Cuba's President Prío were discounted by an official spokesman for the Cuban presidential palace although the case was turned over to the judiciary for investigation. Two Cubans, former members of the Caribbean Legion, made the charges under circumstances which raise serious doubts as to their credibility and indicate that they may be merely additional anti-Trujillo propaganda.
2. BRAZIL: A possibly Communist-inspired demonstration by Brazilian sailors protesting inadequate pay raises was reported in D/LA Weekly on 30 Nov 48. According to subsequent reports by the same source there is no convincing evidence that the demonstration was Communist-inspired.
3. ECUADOR: A cabinet "crisis" developed last week when all members submitted their resignations. President Plaza rejected all except that of Guillermo Alarcón Franco, Minister of Government. The resignation of Alarcón, whose unpopularity has been growing, has eliminated an important cause of antagonism to the Plaza administration. In view of Manuel Díaz Grandos' unpopularity with the army, his retention as Minister of Defense would seem to indicate that President Plaza does not at this time consider the army a serious threat to the stability of his regime.
4. BOLIVIA: President Perón's statement that his government views with sympathy Bolivia's aspiration for an outlet to the sea apparently indicates Argentina's willingness to make an outlet available through Argentine territory. Bolivia lost its Pacific coast territory as a result of the War of the Pacific (1879-1884) between Peru and Bolivia on the one hand and Chile on the other. Although by the treaty of 1904, Bolivia completely surrendered to Chile all title to the lost area, its hopes of securing coastal territory have never died (see D/LA Wkly for 11 May 48). Perón's statements were hostilely received in Chile. The Chilean Foreign Minister stated that Chile had never refused to discuss the port question with Bolivia and that outside intervention was unnecessary and even prejudicial. However, according to a Buenos Aires radio

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~~SECRET~~

R/LA
Weekly Contributions

11 January 1949

report, the Argentine Foreign Minister stated that Perón merely suggested the establishment of a route from La Paz, through La Quiaca to Rosario, with the latter as a free port, and also the establishment of a Santa Cruz-Embarcación-Formosa route. Chilean uneasiness has now apparently been allayed. Perón's statements, therefore, appear to be an indication of Argentina's desire to increase its influence in Bolivia and to use all possible means to tie Bolivia more closely to it rather than an attempt to retaliate for recent Chilean charges that Argentina was meddling in the internal affairs of neighboring states, as the Chileans have claimed.

5. PERU: Rule by decree will continue because the government has in effect dissolved the Congress by failing to provide funds in the 1949 budget for the payment of Congressmen. President Odria said that the junta saw no logic in convening a Congress which, since the outlawing of the APRA and Communist parties, consisted of only about one-half of its total elected membership. He held out the promise of new elections sometime during 1949. The government's failure to provide for the salaries of Congressmen has reportedly alienated the support of the "independent" legislators, who for two years prevented the functioning of the APRA-dominated Congress. The "independents", who up to the present have been aligned nominally with the Odria administration, now are said to believe that the present military dictatorship might maintain itself in power indefinitely and thus delay a return to the parliamentary system. Even though opposition to the administration is increasing, it can remain in power as long as it is able to maintain its present control over key figures in the army, it has shown no willingness to effect a return to constitutional procedures other than Odria's statements that elections would be held in 1949.
6. URUGUAY: The purchase by Uruguay of the British-owned railways after lengthy negotiations adds one more enterprise to the long list of those which are government-owned and -operated. The purchase of the railway system, effected with 7,150,000 pounds of Uruguay's blocked sterling, may prove an uneconomical venture for the Uruguayan Government as the railway system has long been operating at a loss and may be expected to continue to operate in the red, and as the antiquated equipment is in such poor condition that modernization will require a substantial investment. Nevertheless, the purchase is widely approved by the Uruguayan public.

SECRET

B/LA
Weekly Contributions

11 January 1949

There is considerable speculation concerning appointments to the First Directorate. The government may offer a few major posts to the opposition party, the Herreristas, and distribute the remaining posts among outstanding members of the various factions of the Colorado Party.

7. ARGENTINA: Anglo-Argentine Trade Negotiations

A new session of hard bargaining will commence shortly to replace the Anglo-Argentine "Andes Agreement" signed in February 1948. Last year's negotiations resulted in only a short-term agreement including food contracts that will expire 31 March 1949. Both parties have expressed a desire to sign a longer-term agreement, and circumstances this year are more favorable for an extended accord than they have been since the war. Negotiations will begin upon the arrival of National Economic Council President Miranda in London, reportedly in the near future. Mr. Miranda's traveling to London for the negotiations is a sign of England's tactical superiority and points up Argentine losses in bargaining power since the Andes negotiations.

The economic squeeze pressing Argentina both at home and abroad has improved the British bargaining position. One of the strongest external forces affecting the Argentine economy is the severe shortage of foreign exchange that now extends not only to dollars, but to sterling and various "soft" currencies as well (see B/LA Wkly for 14 Sep 48). Aggravating this condition is increased resistance to Argentina's high prices and restrictive import policy (see B/LA Wkly for 23 Nov 48). Internal pressures such as inflation and slackening industrial activity in certain lines continue to increase with the shortage of manpower and necessary imports (see B/LA Wkly for 2 Nov 48 and 4 Jan 49). These internal pressures can be satisfactorily relieved only through expanding foreign trade. This economic interdependence, the economic squeeze, and the desire for additional equipment for the Five-Year Plan enhance British bargaining power in the trade discussions.

The principal points at issue in the coming negotiations are expected to be (1) British insistence on increased Argentine purchases of so-called "unessential" items such as automobiles, cutlery, and textiles, in addition to "acceptable" items such as industrial equipment and petroleum, and (2) Argentine demands for higher prices for meat.

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SECRET

B/LA
Weekly Contributions

11 January 1949

"Unofficial spokesmen" and the press of both countries have been engaging in advance skirmishes. British representatives claim that they will take a cut in meat rations before paying high prices, and they speak of the desirability of developing lasting markets in Australia and New Zealand. Their Argentine protagonists state that if England does not furnish "essential" industrial equipment, it will have to pay dollars for Argentine products. However, in view of Mr. Miranda's going to London to bargain and England's interest in the future potentialities of the Argentine market, it is probable that a mutually acceptable agreement will be reached after a period of sharp haggling.

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